

Kathleen B. Levitz
Vice President-Federal Regulatory

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May 18, 1998

EX PARTE OR LATE FILED

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

RECEIVED

MAY 18 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket No. 97-208 / CC Docket No. 97-231,
CC Docket No. 97-121, CC Docket No. 97-137.

Dear Ms. Salas:

This is to inform you that Randy New, John Robinson, Alice Harms and Robert Blau, all of BellSouth Corporation met with Commission staff on May 15, 1998. The following Commission staff attended the meeting: Michael Riordan, Chief Economist; Patrick DeGraba, Deputy Chief Economist; and Johnson Garrett and Jon Wilkins from the Office of Plans and Policy and Jennifer Fabian from the Common Carrier Bureau.

The purpose of the meeting was to discuss the economics of entry into the local telecommunications services market, including the cost of entry, projected revenues and resulting margins. The two documents attached to this notice present the framework for the analysis presented by BellSouth and the discussion that ensued.

Because the Commission is considering one or more of the issues discussed at the meeting in each of the proceedings identified above, we are filing notice of this ex parte meeting in each of those proceedings.

As required by Section 1.1206(a)(2) of the Commission's rules, we are filing with the Commission two copies of this notice in each of the

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proceedings identified above. Please associate this notification with each of those proceedings.

Sincerely,

A handwritten signature in black ink that reads "Kathleen B. Levitz". The signature is written in a cursive, flowing style.

Kathleen B. Levitz
Vice President - Federal Regulatory

Attachment

cc:	Patrick DeGraba	Jennifer Fabian
	Johnson Garrett	Michael Riordan
	Jon Wilkins	

Charges for combining a single loop and port using collocation in Georgia

Physical Collocation

Assumptions:

- A non-enclosed area has been requested vs. an equipment enclosure
- Collocator is only placing DS0 level frames in the arrangement
 - A standard 7ft. rack occupies 3 sq. ft. of floor space and can support 1535 terminations which allow 767 loop/port combinations
- A power upgrade is not required
- There are several collocators in the office which reduces the per sq. ft. Space Preparation cost for each collocator
 - Space Prep is \$100 per square foot
- Floor space is calculated as the shadow print times a factor of 2.5
- The CLECs cost for supplying the rack and DS0 frames is not included
- CLEC uses hard-wired frames which makes the coordination charge unnecessary
- All orders for service are placed near the beginning of the 7 year period

Number of DS0s per arrangement:	1200	
Number of Racks Required:	1.563	
Number of Racks Installed:	2	
Floor Space Required:	15 square feet	
Space Prep is	\$100 per square foot	
Power Required is	5 Amps	
Time CLEC requires to recover upfront costs:	7 years	Applied to port and cross-connect
Time CLEC requires to recover upfront costs:	2.5 years	Applied to loop and cross-connect
Time value of money discount percentage:	11.0%	

Collocation Costs: (based on Approved rates)

	# units	unit cost	NRC	# units	unit cost	RC/month
Application Fee (per arrangement)	1	\$3,850.00	\$3,850.00			
Space Preparation for 15 square feet*	15	\$100	\$1,500.00			
Enclosure Construction			N/A	0	\$45.00	N/A
Floor Space for 15 square feet			N/A	15	\$7.50	\$112.50
Power for 5 Amps**			N/A	5	\$5.00	\$25.00
Subtotal			\$5,350.00			\$137.50

Loop, Port and Cross-Connect costs: (based on Approved rates)

	# units	unit cost	NRC	# units	unit cost	RC/month
One SL1 2-wire Loop with NID***	1200	\$42.54	\$51,048.00	1200	\$16.51	\$19,812.00
One 2-wire analog port***	1200	\$17.16	\$20,592.00	1200	\$1.85	\$2,220.00
Cross-Connect	2400	\$12.60	\$30,240.00	2400	\$0.30	\$720.00
POT Bay Termination			N/A	2400	\$0.40	\$960.00
Subtotal			\$101,880.00			\$23,712.00
Total Charges		NRC =	\$107,230.00		RC =	\$23,849.50
Grand Total						\$131,679.50

Cost per month for Collocation Non-Recurring charges based upon a payback period of 7 years discounted at 11% is

\$81.61 (a)

Cost per month for Collocation Recurring charges is

\$137.50 (b)

Monthly cost per DS0 for Collocation [(a+b)/1200]

\$0.19

Cost per month Non-Recurring Port and Cross-Connect for 7 years discounted at 11% is

\$611 (c)

Cost per month Non-Recurring Loop and Cross-Connect for 2.5 years discounted at 11% is

\$2,633 (d)

Cost per month for Recurring Loop, Port, and Cross-Connect Charges is

\$23,712 (e)

Monthly cost per DS0 for Loop, Port & Cross-Connect [(c+d+e)/1200]

\$22.38

Total Monthly cost per Loop and Port Combination

\$22.57

* Space Preparation is an estimate and may vary for each collocation arrangement

** DC Power may not be necessary

*** Customer places order electronically, port does not include features, usage charges for switching also apply

PCDss 119487

Virtual Collocation

Assumptions:

Charges for combining a single loop and port using collocation in Georgia

- Collocator is only placing DS0 level frames in the arrangement
- A standard 7ft. rack occupies 3 sq. ft. of floor space and can support 1535 terminations which allow 767 loop/port combinations
- A power upgrade is not required
- The CLECs cost for supplying the rack and DS0 frames is not included
- CLEC uses hard-wired frames and inventoried, pre-wired connections
- All orders for service are placed near the beginning of the 7 year period

Number of DS0s per arrangement:	1200	
Number of Racks Required:	1.563	
Number of Racks Installed:	2	
Floor Space Required:	6 square feet	
Power Required is	5 Amps	
Time CLEC requires to recover upfront costs:	7 years	Applied to port and cross-connect
Time CLEC requires to recover upfront costs:	2.5 years	Applied to loop and cross-connect
Time value of money discount percentage:	11.0%	

Collocation Costs: (based on Proposed rates)

	# units	unit cost	NRC	# units	unit cost	RC/month
Application Fee (per arrangement)	1	\$2,848.30	\$2,848.30			N/A
Space Preparation			N/A			N/A
Enclosure Construction			N/A			N/A
Floor Space (per sq. ft.)			N/A	6	\$3.20	\$19.20
Power (per amp)*			N/A	5	\$3.48	\$17.40
Subtotal			\$2,848.30			\$36.60

Loop, Port and Cross-Connect costs: (based on Proposed rates)

	# units	unit cost	NRC	# units	unit cost	RC/month
One SL1 2-wire Loop with NID**	1200	\$42.54	\$51,048.00	1200	\$16.51	\$19,812.00
One 2-wire analog port**	1200	\$17.16	\$20,592.00	1200	\$1.85	\$2,220.00
Cross-Connect	2400	\$12.60	\$30,240.00	2400	\$0.30	\$720.00
POT Bay Termination			N/A			N/A
Subtotal			\$101,880.00			\$22,752.00
Total Charges		NRC =	\$104,728.30		RC =	\$22,788.60
Grand Total						\$127,516.90

Cost per month for Collocation Non-Recurring charges based upon a payback period of 7 years discounted at 11% is

\$48.77 (a)

Cost per month for Collocation Recurring charges is

\$36.60 (b)

Monthly cost per DS0 for Collocation [(a+b)/1200]

\$0.07

Cost per month Non-Recurring Port and Cross-Connect 7 years discounted at 11% is

\$811 (c)

Cost per month Non-Recurring Loop and Cross-Connect 2.5 years discounted at 11% is

\$2,833 (d)

Cost per month for Recurring Loop, Port, and Cross-Connect Charges is

\$22,762 (e)

Monthly cost per DS0 for Loop, Port & Cross-Connect [(c+d+e)/1200]

\$21.88

Total Monthly cost per Loop and Port Combination

\$21.85

* DC Power may not be necessary

** Customer place order electronically, port does not include features, usage charges for switching also apply

Resale Discounts

Resale Discounts

	Residence	Business
AL	16.3%	16.3%
FL	21.8%	16.8%
GA	20.3%	17.3%
KY	16.8%	15.5%
LA	20.7%	20.7%
MS	15.8%	15.8%
NC	21.5%	17.6%
SC	14.8%	14.8%
TN	16.0%	16.0%

Non-Recurring Charges

Retail Non-Recurrings

	Residence	Business	Residence		Business	
	1.5 Lines Avg	2.5 Lines Avg	First Line	Additional Line	First Line	Additional Line
AL	30.67	34.80	\$ 40.00	\$ 12.00	\$ 69.00	\$ 12.00
FL	30.67	29.60	\$ 40.00	\$ 12.00	\$ 56.00	\$ 12.00
GA	33.92	41.30	\$ 42.50	\$ 16.75	\$ 58.25	\$ 30.00
KY	33.00	42.40	\$ 42.00	\$ 15.00	\$ 73.00	\$ 22.00
LA	32.00	53.20	\$ 41.00	\$ 14.00	\$ 85.00	\$ 32.00
MS	39.18	39.19	\$ 51.70	\$ 14.13	\$ 75.10	\$ 15.25
NC	21.92	25.20	\$ 27.50	\$ 10.75	\$ 41.25	\$ 14.50
SC	32.67	41.20	\$ 40.00	\$ 18.00	\$ 64.00	\$ 26.00
TN	33.67	42.00	\$ 41.50	\$ 18.00	\$ 58.50	\$ 31.00



$$(First + Add'l) \div 1.5 = avg 1 line$$

UNE Rates

UNE Rates

	AL	FL	GA	KY	LA	MS	NC	SC	TN
SL1 Loop	\$21.87	\$ 17.00	\$16.51	\$20.00	\$19.35	\$29.07	\$21.61	\$20.25	\$20.61
Port (Fully Functional)	\$ 2.78	\$ 2.00	\$ 1.85	\$ 2.61	\$10.48	\$ 2.46	\$ 2.87	\$ 2.17	\$ 2.22
Port (basic)	\$ 2.78	\$ 2.00	\$ 1.85	\$ 2.61	\$ 2.20	\$ 2.46	\$ 2.87	\$ 2.17	\$ 2.22
Collocation Space	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
SL1 Installation Non-rec									
First	\$65.33	\$140.00	\$42.54	\$86.08	\$40.69	\$50.15	\$80.78	\$60.82	\$66.84
Additional	\$ -	\$ 42.00	\$31.33	\$58.57	\$ -	\$29.31	\$38.15	\$22.03	\$ -
1.5 lines Avg	\$43.55	\$107.33	\$38.80	\$76.91	\$27.13	\$43.20	\$66.57	\$47.89	\$44.56
Port Installation Non-rec									
First	\$39.68	\$ 38.00	\$17.16	\$37.55	\$16.43	\$16.40	\$26.64	\$14.24	\$29.32
Additional	\$23.68	\$ 15.00	\$17.16	\$37.55	\$16.43	\$16.40	\$19.15	\$14.24	\$29.32
1.5 lines Avg	\$34.35	\$ 30.33	\$17.16	\$37.55	\$16.43	\$16.40	\$24.14	\$14.24	\$29.32

UNE Pricing
Per minute of use

Group	Local	Toll	Access
AL noswitch	0.000845	0.002755	0.001847
AL switch	0.004162	0.006811	0.003875
FL noswitch	0.000584	0.001270	0.000910
FL switch	0.008761	0.011270	0.005910
GA noswitch	0.000783	0.002506	0.001789
GA switch	0.003971	0.006405	0.003739
KY noswitch	0.000488	0.001718	0.001571
KY switch	0.004678	0.006842	0.004133
LA noswitch	0.000929	0.003057	0.002124
LA switch	0.004909	0.007925	0.004557
MS noswitch	0.000884	0.003008	0.002109
MS switch	0.005604	0.008780	0.004995
NC noswitch	0.000656	0.003460	0.002260
NC switch	0.007198	0.011460	0.006260
SC noswitch	0.000994	0.003325	0.002165
SC switch	0.004624	0.007764	0.004385
TN noswitch	0.000851	0.002661	0.001791
TN switch	0.004192	0.006747	0.003834